

# CURRENTS

UNIVERSITY AT STONY BROOK • SUNY •

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## SPECIAL BUDGET BULLETIN

### Mid-Year State Budget Adjustment Looms

You've read the headlines, you may have seen the numbers. With a mid-year budget gap ranging from an estimated \$700 million to \$2 billion, New York State's fiscal woes are even worse than first suspected, signaling a new round of budget adjustments by state agencies including SUNY.

On November 11, the state imposed a freeze on all hiring, overtime, promotions, out-of-state travel, equipment purchasing or leasing, new service contracts, new capital projects and purchase or leasing of real property. It's anticipated that the restrictions may last only until Dec. 15, after which it is hoped that Stony Brook will return to its standard mode of operation, albeit with considerably reduced resources.

Though actual numbers have yet to be fixed, SUNY has asked Stony Brook and other state campuses to brace themselves for anywhere from an additional 2 to 4 percent cut in state funding between now and March 31, 1992.

The final budget reduction proposal is expected to be submitted to the SUNY board of trustees on Nov. 21. Whatever the amount of this mid-year adjustment, it comes on the heels of an earlier \$8.4 million decrease in the amount of state funds allotted to Stony Brook.

In that round, each vice-presidential area had to reduce state expenses by a targeted amount, with the individual decisions as to where and/or what to cut left in the hands of deans or department chairs. The process had been expected to be completed before the spring semester ended.

"When the Legislature and the governor couldn't come to terms on a state

budget, it threw our timetable into chaos. We didn't find out what our final state allotment would be until late July, after most of the faculty had left for the summer. As a result, some decisions didn't hit home until the start

of the fall term," explains Glenn Watts, vice president for finance and chairman of the Financial Policy Group which spent much of the summer reviewing the university's

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### Freeze Puts Chill On Travel, Hiring

A state-wide freeze on hiring, out-of-state travel and other major expenditures that took effect Nov. 11 is expected to be lifted by Dec. 15. But by then the university will be operating with considerably reduced resources.

The freeze—which had been anticipated by all state agencies in light of a mid-year state budget gap that may reach as high as \$2 billion—will affect a broad range of campus operations. Here's what the freeze restricts:

- advertising or filling any temporary or permanent positions, whether by promotion, transfer or new hire. Formal letters of offer mailed on or before Friday, Nov. 8, will be honored, but no additional letters of offer for 1991-92 will be processed until the freeze is lifted.

- overtime for non emergency functions.
- hiring temporary employees to perform normal functions resulting from employee turnover. (Student Work-Study hiring is not affected nor is replacement hiring to protect campus health and safety).

- out-of-state travel.
- in-state travel to conferences, seminars, retreats or state-wide or regional meetings.
- purchase or lease of equipment.
- new contracts for outside services.
- acquisition of real or personal property whether by lease or purchase including new office space for expansion, consolidation or

relocation.

- the design of any capital project not currently underway.

- contracts for construction of any capital projects or any phase thereof not currently under bid, including rehabs and remodeling, except for those totally financed from bonds or other non-General Fund sources. Supported programs are not affected by the freeze.

Some travel, out-of-state and in-state, will be permitted, if an individual has incurred a significant financial obligation, such as purchasing a nonrefundable airline ticket and/or prepaying a conference fee. But such travel will require the approval of President Marburger.

Direct expenditures from federal and private grants and contracts are not subject to freeze limitations.

"Exceptions to limitations on expenditures will be granted to deal with emergency situations, to meet legally binding commitments and to permit previously retrenched employees to be reinstated when this can be accomplished," said Glenn Watts, vice president for finance. "Emergency situations are those in which there is imminent danger to life or property and immediate action is required to prevent loss."

# Department Chair Bites The Bullet, Pulls Out Telephones

Thomas Kranidas isn't afraid to bite the bullet. It's the aftertaste that's left him a little shaken and more than determined to right a wrong.

"The final decision was mine," he says without hesitation of a move in which he ordered 24 of 62 telephones removed from the Department of English this fall. "I deeply wish I hadn't had to make it," says Kranidas, the department chair who faced the possibility of drastic cuts in his budget. In retrospect, he adds, he might have given some additional thought to alternatives, but at the time, it seemed the least painful course of action.

"Our department was \$9,000 over budget for phones, in terms of fixed costs, not usage. I looked at the printouts and pulled the phones from everyone except those who worked at night, had health problems or some other good need for a phone. What I didn't take into account were the calls made and received by faculty from students who live on campus. Those calls aren't reflected in the readouts. I'm going to seek some redress on this."

Like many department chairs, Kranidas was caught between the proverbial rock and a hard place, asked to choose between retrenchment and cutting back on work place amenities. As he saw it, it was better

to have no phone than to have no job.

In contrast to the situation in the sciences, which can more readily draw upon outside funding, non-state monies are at a premium for the Department of English, as it is for most other areas in the arts and humanities. Without "soft money," they are particularly prone to state budget cutbacks. Without soft money, there is no easy way to shift staff or teaching assistant positions from state to non-state lines in order to retain faculty and staff.

"We were vulnerable to retrenchment," Kranidas points out, recalling that when the 1991-92 budget was discussed late last spring, "the chairs in our division took a

hard line against any personnel cuts. The Department of English alone could have lost 17 teaching assistants with whom we already had signed agreements. It would have destroyed our graduate program."

Still, the phones.

"I got a lot of flak about not consulting with them," he says of his fellow faculty members. "But when I gave the chronology of the budget crisis, they realized it was the only thing I could have done."

Though his staff was upset, there's a silver lining in all of this, he adds. "They've asked for regular faculty meetings and we're trying to prepare ourselves to be better at reacting to the budget."

## Service Areas Feel Ripple Effect

Like a pebble cast into a pond, budget decisions made by individual departments can ripple across the campus, creating a flood of problems for service-oriented operations such as communications, computing and printing.

"It's a Catch-22 situation for self-supporting campus services. When departments cut items such as telephones, printing, supplies and computing, the budget problem is shifted from the academic side to the administrative side," observes Vice President for Finance Glenn Watts. "Many of these operations depend on the revenue generated by other units of the university to pay the fixed costs associated with their operations, such as the cost of a printing press or a main frame computer. Those costs don't disappear. Their only option is to trim human operator costs."

## Cutting Health Sciences Program "A Painful Decision"

Tough decisions are hard to make.

For Vice-President for Health Sciences Dr. J. Howard Oaks, it goes with the job.

Sometimes, he says, the pain lingers.

It was Dr. Oaks who decided to phase out the Cardiorespiratory Sciences program, and who in an unusually frank letter to the campus explained why he took such a course of action, a move he describes as "a painful decision."

Here are some excerpts from his memo:

"I regret the harsh realities that forced a reduction in the state appropriation available to the Health Sciences Center and I wish that the university, the campus and the center had been spared...."

"In identifying the criteria for pruning university activities, President Marburger suggested that centrality and quality be considered. Quality beyond the level to maintain accreditation can be difficult to measure, especially where there is little peer-reviewed intellectual activity and no hard, national criteria for comparing enter-

ing students, graduates, faculty or service. The medical school-hospital complex is what is central to our Health Sciences Center. It is more than half of Stony Brook's budget and more than 95 percent of the center's, even though the number of degree candidates is only 500. Without the medical school, there would be no University Hospital and no Health Sciences Center. It does not deprecate any of the rest of the center to acknowledge that fact.

"I made the decisions about how to make budget cuts after extensive budget talks with each dean and the hospital director. I accepted no one's initial recommendations. Each was discussed in detail and ultimately some ideas were scrapped and others adopted. In some instances, notably medicine, the final plan is extremely complex, and in others the plan is not yet complete. I might have given special protection to allied health by assigning larger cuts to other units, notably medicine, which is much bigger than the combination of all the other

schools of the center. I chose not to do that. Medicine, cut by \$3 million, was hard hit and the administrative budget of the center sustained the largest relative cut—about 35 percent. I cut allied health by roughly the same proportion as I cut the budgets of dentistry, nursing and social welfare.

"The options in allied health were different from those in the other schools of the center because allied health offers small, distinct programs. Each of the allied health programs has its own small faculty—typically five—and each is separately accredited, except for cardiorespiratory sciences, which is an amalgam of cardiac technology and respiratory therapy, two separate fields with different accreditations. I believed that the elimination of even one position would threaten any of the allied health programs—threaten their accreditation and the futures of their students...."

"From the last accreditation report, it was evident that we would have to reorga-

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# Mid-Year State Budget Adjustment Looms

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financial commitments in light of an uncertain fiscal picture. That left a lot of people grumbling about the budget and the cuts.

## No Solid Figures

"For several months, we had nothing but internal estimates upon which to make decisions. It was a very difficult and painful process," Watts said, one that spawned rumor, speculation and fear of massive layoffs and the closing of departments.

Without solid figures to work with, Watts and his staff could project only an estimated \$9.5 million cut, one that could have spelled a major retrenchment and the loss of as many as 140 state-funded jobs. During this period, many positions were transferred to non-state lines. In the end, Stony Brook had to lay off 16 people. "When the dust settled, Stony Brook took an \$8.4 million hit," says Watts. "Last minute legislative action coupled with careful control of our resources during 1990-91 allowed us to restore about \$1.1 million to the Provost and the Health Sciences Center."

## Measuring The Impact

The university, however, continues to deal with the fallout. USB Provost Tilden Edelstein is only now in a position to start measuring the academic impact of the initial budget cut on a department by department basis. And while the overall picture is still emerging, what is known is that the reduction manifested itself in many ways, ranging from the elimination of the Cardio-respiratory Science program, to the hiring of fewer adjuncts, to rethinking how and where computing will be handled. At the student level, the budget cut took the form of increased class sizes, fewer course sections and less frequent class offerings.

In addition, this spring Stony Brook and other state campuses were told by SUNY that they could spread the cost of an early retirement incentive program over a three year period. In September, the Comptroller's Office overruled SUNY. As a result, Stony Brook will have to come up with another \$350,000 in this fiscal year to pay for the incentive program, funds it hadn't anticipated having to spend.

## Cutting Anew

If the mid-year cuts are carried out as projected, Stony Brook will have to trim an additional \$2.5 million to \$5.1 million from its operating budget. That could translate

into a reduction of as many as 118 positions, the effects rippling across the campus as departments scramble to trim contracted services, supplies and programs.

"It won't be easy," says Watts, who sees

no relief for Stony Brook or other SUNY campuses for 92-93. "We can assume there will be no increase in state support next year and that there may well be a decrease in state funding from the final 91-92 base."

## The Impact Of Estimated Mid-Year Cuts At 2%, 3% and 4%

### 2 Percent Estimated Cut In State-Supported Allocation

	91-92 Allocation	Percent	Est. Cut	Pot. An. FTE Loss
President	996.0	0.68	17.4	0.33
Provost	73,459.6	50.04	1,283.2	26.84
HSC	41,429.9	28.22	723.7	12.00
Campus Services	20,605.3	14.04	359.9	14.57
Finance & Man.	3,138.0	2.14	54.8	1.83
Student Affairs	5,525.9	3.76	96.5	2.79
Univ. Affairs	1,637.3	1.12	28.6	0.74
Utilities/Cen. Funds	21,997.1	NA	NA	NA
	168,789.1	100.00%	2,564.1	59.11

### 3 Percent Estimated Cut In State-Supported Allocation

	91-92 Allocation	Percent	Est. Cut	Pot. An. FTE Loss
President	996.0	0.68	26.1	0.50
Provost	73,459.6	50.04	1,924.7	40.27
HSC	41,429.9	28.22	1,085.5	18.00
Campus Services	20,605.3	14.04	539.9	21.86
Finance & Man.	3,138.0	2.14	82.2	2.74
Student Affairs	5,525.9	3.76	144.8	4.18
Univ. Affairs	1,637.3	1.12	42.9	1.12
Utilities/Cen. Funds	21,997.1	NA	NA	NA
	168,789.1	100.00%	3,846.1	88.67

### 4 Percent Estimated Cut In State-Supported Allocation

	91-92 Allocation	Percent	Est. Cut	Pot. An. FTE Loss
President	996.0	0.68	34.8	0.67
Provost	73,459.6	50.04	2,566.3	53.69
HSC	41,429.9	28.22	1,447.3	24.00
Campus Services	20,605.3	14.04	719.8	29.14
Finance & Man.	3,138.0	2.14	109.6	3.65
Student Affairs	5,525.9	3.76	193.0	5.58
Univ. Affairs	1,637.3	1.12	57.2	1.49
Utilities/Cen. Funds	21,997.1	NA	NA	NA
	168,789.1	100.00%	5,128.2	118.22

Though final figures have yet to be determined, Stony Brook and other state campuses have been asked to develop scenarios on the impact of a two, three or four percent cut of its state budget between now and March 31, 1992. The position reduction in the tables assumes savings for a full year. With only five months left in the state fiscal year, the number of FTE positions would have to more than double to generate the required savings. Although most departments have greatly reduced supply and equipment budgets, some savings may still be possible. In some areas, costs can be reduced or shifted to other revenue sources. If this can be done, impact on salaries and positions will be reduced.

## *Anatomy Of A Campus Budget:*

# How The Fiscal Plan Is Drawn

Campus budgets are made, not born, but sometimes the process can be just as agonizing.

Up until this year, preparing Stony Brook's budget was a relatively mundane task, beginning each January with the governor's budget message and concluding each June with a final set of allocations for each vice-presidential area.

But what appeared routine in January was by April quite extraordinary. A March 31 legal deadline to set a state budget had come and gone, the governor and the Legislature deadlocked in a bitter battle over state finances. The battle raged on through May and June, ending only in the wee hours of July 4 when a compromise was reached. By then, Stony Brook's own campus budget preparation schedule was in tatters.

Under normal circumstances, the campus budget process begins in late January when the governor presents a proposed state budget and delivers a budget message to the State Legislature. This state-of-the-state look at where New York is going fiscally and where it has been frequently offers campus officials clues to projects, programs and proposals that could bring Stony Brook additional funding. But it is not until two to three weeks later—when SUNY Central gives its view on how the document should be interpreted—that Stony Brook gets a clearer sense of where the campus stands.

In late February, Stony Brook's Office of the Budget distributes for review a list of available resources, financial commitments (such as debt service) and a copy of the current budget to two committees con-

cerned with the overall budgeting process: the Financial Policy Group—which handles the technical side of the budget—and the Priorities Committee—which weighs the financial consequences of budget decisions on the campus.

The Financial Policy Group, chaired by Vice President for Finance Glenn Watts, is mainly composed of vice-presidents and vice provosts including Health Sciences Center vice-president Dr. J. Howard Oaks; Provost Tilden Edelstein; Alexander King, vice provost for Graduate Studies; Frederick Preston, vice president for Student Affairs; Carole Cohen, vice president for University Affairs; Harry Snoreck, vice president for Campus Services; Dr. Jordan Cohen, dean of the School of Medicine; and Stan Altman, deputy to the president.

The Priorities Committee, chaired by Edelstein, consists of Pam Burris, Professional Employees Governing Board representative; Al Jordan, associate dean for student affairs at the School of Medicine; Watts; King; University Senate President Barbara Elling; Senate Committee on Resource Allocations and Budget Chair and Sociology Professor Andrea Tyree; Senate Long-Range Planning Chair and Allied Health Resources Assistant Professor Alan Leiken; Graduate Student Organization Representative John Reinfelder; Polity Representative Dwayne Andrews; faculty representatives William van der Kloot, Sidney Gelber, Fred Goldhaber, John Kincaid and Leonard Kleinman; and ex-officio members Larry Noonan, assistant provost and Anthony Bastin, director of Facilities En-

gineering.

By late March, recommendations concerning the coming year's financial plan are circulated among the Financial Planning Group and the Priorities Committee and forwarded to President John Marburger. President Marburger communicates with both the Financial Planning Group and the Priorities Committee, generally meeting with the latter group, and then establishes broad financial targets for each vice-presidential area. By early April, the vice presidents work up allocations for each division within their area, spending the next several weeks meeting with deans to determine how the allocations will be divvied up between departments. By the end of May, the vice presidents must submit their final plan to the campus budget office. Then the waiting begins.

Though it didn't happen this year, if the legislature adopts a state budget by March 31, SUNY notifies the campus by late May as to how much state money it will be getting. By early June the figures are distributed to the Financial Planning Group and the Priorities Committee for review. Both groups make recommendations to the president, who makes the final allocation decision for each vice-presidential area by mid-June. The vice presidents consult with their deans (who in most cases have consulted with department chairs). With final numbers agreed upon, the vice presidents submit a revised accounting to the campus budget office, which submits it to SUNY Central. By July, a printed operating budget is in place.

## *Cutting Health Sciences Program "A Painful Decision"*

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nize the department and invest more money in it, merely to sustain our existing efforts. That was not an appetizing prospect, given the financial picture. I concluded that continuation of cardiorespiratory sciences in its current configuration or with its existing budget was not a viable option....

"Questions have been raised about the extent of local consultation, the timing of the decision and the possibility of continuing the program on a new financial basis. In discussions with the Priorities Committee about how the center would meet its budget cuts, I said I had rejected the option of closing a school, but did expect to assign

large cuts to each of them. I did not explicitly name cardiorespiratory sciences but did indicate that a degree program and the department that offered it were likely targets.... The late date of the announcement of the decision reflected timing of the budget at the state and local levels. The allied health deans and I concluded that it was preferable to educate the students who had accepted admission rather than withdraw the promise of matriculation....

"I want the Health Sciences Center, including the School of Allied Health, to expand, not contract. I would like to see it start new programs and expand existing

ones, especially in allied health and nursing. I want dentistry and social welfare to continue to flourish and the medical school-hospital complex must continue to grow and diversify. I regret the necessity of making substantial budget cuts in health sciences and especially the necessity of closing a program. Under the circumstances, I believe I made the proper allocation of cuts among health sciences, and that within allied health, closing an entire program—specifically cardiorespiratory sciences—was the best of a sorry set of possibilities."